



March 30, 2005

ENGROSSED SENATE BILL No. 281

DIGEST OF SB 281 (Updated March 29, 2005 7:06 pm - DI 109)

Citations Affected: IC 6-1.1; IC 20-1; IC 20-8.1; IC 20-26; IC 20-31; noncode.

Synopsis: Public school transfer program. Establishes a public school transfer program, allowing the parent of a student to request a transfer for the student to enroll in: (1) a different public school in the student's base school corporation; or (2) a public school in a different school corporation. Provides an allocation of public funds for transfer students between the base school corporation and the receiving school corporation, and provides that the parent is responsible for transportation and any additional costs. Allows school corporations to enter into an interlocal agreement under which students may attend school in another school corporation. Allows a student who has legal settlement in a school corporation and whose parent owns property for which the parent pays property tax in another school corporation to attend school in the school corporation in which the parent owns property without transfer tuition being charged. Requires a school corporation to provide notice to parents concerning the publication of the school corporation's annual performance report and concerning the

(Continued next page)

Effective: January 1, 2005 (retroactive); July 1, 2005.

Kenley, Lubbers
(HOUSE SPONSOR — BEHNING)

January 6, 2005, read first time and referred to Committee on Education and Career Development.

February 17, 2005, amended, reported favorably — Do Pass.

February 22, 2005, read second time, amended, ordered engrossed.

February 23, 2005, engrossed.

March 1, 2005, read third time, passed. Yeas 33, nays 15.

HOUSE ACTION

March 8, 2005, read first time and referred to Committee on Education.

March 29, 2005, amended, reported — Do Pass; roll call 337: yeas 50, nays 44.

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ES 281—LS 7454/DI 109+



Digest Continued

right of students to transfer out of schools that fail to perform adequately. Provides an income tax credit for education expenditures for children enrolled in K-12 at a school of choice. Defines school of choice to be: (1) a nonpublic school; or (2) a public school, if it is not the public school where the child has legal residence. Limits the credit amount per taxpayer. Makes the credit refundable. Creates a scholarship for children to attend a school of choice if the child's resident public school is either required to provide supplemental educational services for the student or to institute corrective action under the No Child Left Behind Act.

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March 30, 2005

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 281

A BILL FOR AN ACT to amend the Indiana Code concerning education.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-21-2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. As used in this
3 chapter:
4 (a) "Taxpayer" means a person who is liable for taxes on property
5 assessed under this article.
6 (b) "Taxes" means property taxes payable in respect to property
7 assessed under this article. The term does not include special
8 assessments, penalties, or interest, but does include any special charges
9 which a county treasurer combines with all other taxes in the
10 preparation and delivery of the tax statements required under
11 IC 6-1.1-22-8(a).
12 (c) "Department" means the department of state revenue.
13 (d) "Auditor's abstract" means the annual report prepared by each
14 county auditor which under IC 6-1.1-22-5, is to be filed on or before
15 March 1 of each year with the auditor of state.
16 (e) "Mobile home assessments" means the assessments of mobile
17 homes made under IC 6-1.1-7.

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(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county); minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

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(F) the remainder of:

- (i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus
- (ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the stated assessment year under:

- (i) IC 21-2-15 for a capital projects fund; plus
- (ii) IC 6-1.1-19-10 for a racial balance fund; plus
- (iii) IC 20-14-13 for a library capital projects fund; plus
- (iv) IC 20-5-17.5-3 for an art association fund; plus
- (v) IC 21-2-17 for a special education preschool fund; plus
- (vi) IC 21-2-11.6 for a referendum tax levy fund; plus
- (vii) an appeal filed under IC 6-1.1-19-5.1 for an increase in a school corporation's maximum permissible general fund levy for certain transfer tuition costs; plus
- (viii) an appeal filed under IC 6-1.1-19-5.4 for an increase in a school corporation's maximum permissible general fund levy for transportation operating costs; minus

(H) the amount of property taxes imposed by a school corporation that is attributable to the passage, after 1983, of a referendum for an excessive tax levy under IC 6-1.1-19, including any increases in these property taxes that are attributable to the adjustment set forth in IC 6-1.1-19-1.5 or any other law; minus

(I) for each township in the county, the lesser of:

- (i) the sum of the amount determined in IC 6-1.1-18.5-19(a) STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE, whichever is applicable, plus the part, if any, of the township's ad valorem property tax levy for calendar year 1989 that represents increases in that levy that resulted from an appeal described in IC 6-1.1-18.5-13(4) filed after December 31, 1982; or
- (ii) the amount of property taxes imposed in the township for

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- 1 the stated assessment year under the authority of
 2 IC 36-8-13-4; minus
 3 (J) for each participating unit in a fire protection territory
 4 established under IC 36-8-19-1, the amount of property taxes
 5 levied by each participating unit under IC 36-8-19-8 and
 6 IC 36-8-19-8.5 less the maximum levy limit for each of the
 7 participating units that would have otherwise been available
 8 for fire protection services under IC 6-1.1-18.5-3 and
 9 IC 6-1.1-18.5-19 for that same year; minus
 10 (K) for each county, the sum of:
 11 (i) the amount of property taxes imposed in the county for
 12 the repayment of loans under IC 12-19-5-6 (repealed) that is
 13 included in the amount determined under IC 12-19-7-4(a)
 14 STEP SEVEN for property taxes payable in 1995, or for
 15 property taxes payable in each year after 1995, the amount
 16 determined under IC 12-19-7-4(b); and
 17 (ii) the amount of property taxes imposed in the county
 18 attributable to appeals granted under IC 6-1.1-18.6-3 that is
 19 included in the amount determined under IC 12-19-7-4(a)
 20 STEP SEVEN for property taxes payable in 1995, or the
 21 amount determined under IC 12-19-7-4(b) for property taxes
 22 payable in each year after 1995; plus
 23 (2) all taxes to be paid in the county in respect to mobile home
 24 assessments currently assessed for the year in which the taxes
 25 stated in the abstract are to be paid; plus
 26 (3) the amounts, if any, of county adjusted gross income taxes that
 27 were applied by the taxing units in the county as property tax
 28 replacement credits to reduce the individual levies of the taxing
 29 units for the assessment year, as provided in IC 6-3.5-1.1; plus
 30 (4) the amounts, if any, by which the maximum permissible ad
 31 valorem property tax levies of the taxing units of the county were
 32 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated
 33 assessment year; plus
 34 (5) the difference between:
 35 (A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR;
 36 minus
 37 (B) the amount the civil taxing units' levies were increased
 38 because of the reduction in the civil taxing units' base year
 39 certified shares under IC 6-1.1-18.5-3(e).
 40 (h) "December settlement sheet" means the certificate of settlement
 41 filed by the county auditor with the auditor of state, as required under
 42 IC 6-1.1-27-3.

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(i) "Tax duplicate" means the roll of property taxes which each county auditor is required to prepare on or before March 1 of each year under IC 6-1.1-22-3.

(j) "Eligible property tax replacement amount" is equal to the sum of the following:

(1) Sixty percent (60%) of the total county tax levy imposed by each school corporation in a county for its general fund for a stated assessment year **after the school corporation's gained student levy amount is added and the school corporation's lost student levy amount is subtracted.**

(2) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on real property for a stated assessment year.

(3) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on tangible personal property, excluding business personal property, for an assessment year.

(k) "Business personal property" means tangible personal property (other than real property) that is being:

- (1) held for sale in the ordinary course of a trade or business; or
- (2) held, used, or consumed in connection with the production of income.

(l) "Taxpayer's property tax replacement credit amount" means the sum of the following:

(1) Sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year.

(2) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property.

(3) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property.

(m) "Tax liability" means tax liability as described in section 5 of this chapter.

(n) "General school operating levy" means the ad valorem property tax levy of a school corporation in a county for the school corporation's

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general fund.

(o) "Gained student" for a school corporation means a student who transfers into the school corporation (that is not the student's base school corporation) under IC 20-26-11.5.

(p) "Lost student" for a school corporation means a student who transfers out of the school corporation (that is the student's base school corporation) to another school corporation under IC 20-26-11.5.

(q) "Per capita levy" for a school corporation means the total general fund levy of the school corporation divided by the ADM (as defined in IC 21-3-1.6-1.1) of the school corporation.

(r) "Gained student levy amount" means a school corporation's per capita levy multiplied by the number of gained students for the school corporation.

(s) "Lost student levy amount" means a school corporation's per capita levy multiplied by the number of lost students for the school corporation.

SECTION 2. IC 20-1-21-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 4. (a) Not earlier than January 15 or later than January 31 of each year, the governing body of a school corporation shall publish an annual performance report of the school corporation, in compliance with the procedures identified in section 8 of this chapter. The report must be published one (1) time annually under IC 5-3-1.

(b) The department shall make each school corporation's annual performance report available on the department's Internet web site. The governing body of a school corporation may make the school corporation's annual performance report available on the school corporation's Internet web site.

(c) The governing body of a school corporation shall:

(1) notify the parent of each student in the school corporation of the publication of the annual performance report; and

(2) provide a copy of the annual performance report to any person who requests a copy. The governing body may not charge a fee for providing the copy.

SECTION 3. IC 20-8.1-1-19 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 19. As used in this article, "dependent" has the meaning set forth in Section 152(a) of the Internal Revenue Code.**

SECTION 4. IC 20-8.1-1-20 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 20. As used in this article, "federal income poverty**

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level" means the federal income poverty level for the taxpayer's household using the poverty guidelines updated periodically by the United States Department of Health and Human Services under the authority of 42 U.S.C. 9902(2).

SECTION 5. IC 20-8.1-1-21 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 21. As used in this article, "qualified education expenditures" means expenditures made by a taxpayer during the twelve (12) month period beginning July 1 and ending June 30 of the taxable year for a dependent with respect to a school of choice for any of the following:

- (1) Fees for academic tuition or instruction.
- (2) If the dependent is not enrolled in a school that charges tuition, expenditures for computer software, textbooks, workbooks, curricula, school supplies other than personal computers, and other written materials used primarily for academic instruction and for academic tutoring.
- (3) Expenditures for transporting the dependent to and from the school of choice in which the dependent is enrolled, excluding transportation for extracurricular activities.

However, the total of a taxpayer's expenditures described in this section must be reduced by the amount of a scholarship received under IC 20-8.1-6.1-14 to determine qualified educational expenditures for purposes of section 3.1 of this chapter.

SECTION 6. IC 20-8.1-1-22 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 22. As used in this article, "school of choice" means:

- (1) a nonpublic school (as defined in IC 20-10.1-1-3); or
- (2) a public school (as defined in IC 20-10.1-1-2) in which a dependent is enrolled but that is not the dependent's school of legal settlement for purposes of the general school tuition support formula.

SECTION 7. IC 20-8.1-1-23 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 23. As used in this article, "taxpayer" means:

- (1) an individual who is; or
- (2) an individual and the individual's spouse, in the case of a joint return, who are;

subject to the adjusted gross income tax.

SECTION 8. IC 20-8.1-6.1-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 0.5. This chapter does not apply

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to a student who under:

(1) section 14 or 15 of this chapter; or

(2) the public elementary and secondary school transfer program (IC 20-8.1-16);

attends a public school that is outside the school corporation in which the student has legal settlement.

SECTION 9. IC 20-8.1-6.1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:
Sec. 3. (a) A school corporation may accept a transferring student without approval of the transferor corporation under section 2 of this chapter.

(b) No transfer may, however, be accepted unless the requesting parents or student pays transfer tuition in an amount determined under the formula established in section 8 of this chapter for the payment of transfer tuition by a transferor school corporation. However, the transferee school shall not offset the amounts described in section 8(b) STEP TWO (B) through section 8(b) STEP TWO (D) of this chapter from the amount charged to the requesting parents or student.

(c) This tuition shall be paid by the parents or the student before the end of the school year in such installments as the transferee corporation determines.

(d) Failure to pay any installment is a ground for exclusion from school.

(e) A taxpayer making a payment with respect to a dependent under this section is entitled to a credit against the adjusted gross income tax imposed by IC 6-3 for the taxable year. The credit to which the taxpayer is entitled is the lesser of the tuition paid under this section or the following:

(1) For a student who is a member of a household with an annual household income that is not more than one hundred seventy-five percent (175%) of the federal income poverty level, the lesser of the following amounts:

(A) per student:

Taxable Year Ending In	Amount
2006 and 2007	\$1,000
2008 and 2009	\$1,500
2010 and 2011	\$2,000
2012 and 2013	\$2,500
2014 and thereafter	\$3,000

(B) per taxpayer:

Taxable Year Ending In	Amount
2006 and 2007	\$2,000

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1	2008 and 2009	\$3,000
2	2010 and 2011	\$4,000
3	2012 and 2013	\$5,000
4	2014 and thereafter	\$6,000
5	(2) For a student who is a member of a household with an	
6	annual household income that is more than one hundred	
7	seventy-five percent (175%) but not more than three hundred	
8	fifty percent (350%) of the federal income poverty level, the	
9	lesser of following amounts:	
10	(A) per student:	
11	Taxable Year Ending In	Amount
12	2006 and 2007	\$0
13	2008 and 2009	\$500
14	2010 and 2011	\$1,000
15	2012 and 2013	\$1,500
16	2014 and thereafter	\$2,000
17	(B) per taxpayer:	
18	Taxable Year Ending In	Amount
19	2006 and 2007	\$0
20	2008 and 2009	\$1,000
21	2010 and 2011	\$2,000
22	2012 and 2013	\$3,000
23	2014 and thereafter	\$4,000
24	(3) For a student who is a member of a household with an	
25	annual household income that is more than three hundred	
26	fifty percent (350%) of the federal income poverty level, the	
27	lesser of following amounts:	
28	(A) per student:	
29	Taxable Year Ending In	Amount
30	2006 through 2009	\$0
31	2010 through 2013	\$500
32	2014 through 2017	\$1,000
33	2018 through 2021	\$1,500
34	2022 and thereafter	\$2,000
35	(B) per taxpayer:	
36	Taxable Year Ending In	Amount
37	2006 through 2009	\$0
38	2010 through 2013	\$1,000
39	2014 through 2017	\$2,000
40	2018 through 2021	\$3,000
41	2022 and thereafter	\$4,000
42	The amount of a scholarship received under section 14 of this	

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chapter is not considered tuition paid by the taxpayer under this section.

(f) If the amount of the credit provided by this section that a taxpayer uses during a particular taxable year exceeds the sum of the taxes imposed on the taxpayer by IC 6-3 for the taxable year after the application of all credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this section, the following apply:

(1) If the taxpayer is covered by subsection (e)(1), the excess shall be returned to the taxpayer as a refund.

(2) If the taxpayer is covered by subsection (e)(2), fifty percent (50%) of the excess shall be returned to the taxpayer as a refund.

(3) If the taxpayer is covered by subsection (e)(3), the taxpayer is not entitled to any of the excess as a refund.

(g) Acceptance by a taxpayer of a credit for qualified education expenditures for a dependent under this section does not provide any governmental entity or agency of the state with jurisdiction, authority, or control over the dependent's educational provider.

SECTION 10. IC 20-8.1-6.1-3.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3.1. (a) This section applies to a taxpayer who has a dependent who has legal settlement in a school corporation located in Indiana.

(b) A taxpayer who makes qualified education expenditures is entitled to a credit against the adjusted gross income tax imposed by IC 6-3 for the taxable year. The credit to which the taxpayer is entitled is the lesser of the qualified education expenditures of the taxpayer or the following:

(1) For a student who is a member of a household with an annual household income that is not more than one hundred seventy-five percent (175%) of the federal income poverty level, the lesser of the following amounts:

(A) per student:

Taxable Year Ending In	Amount
2006 and 2007	\$1,000
2008 and 2009	\$1,500
2010 and 2011	\$2,000
2012 and 2013	\$2,500
2014 and thereafter	\$3,000

(B) per taxpayer:

Taxable Year Ending In	Amount
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1	2006 and 2007	\$2,000
2	2008 and 2009	\$3,000
3	2010 and 2011	\$4,000
4	2012 and 2013	\$5,000
5	2014 and thereafter	\$6,000
6	(2) For a student who is a member of a household with an	
7	annual household income that is more than one hundred	
8	seventy-five percent (175%) but not more than three hundred	
9	fifty percent (350%) of the federal income poverty level, the	
10	lesser of following amounts:	
11	(A) per student:	
12	Taxable Year Ending In	Amount
13	2006 and 2007	\$0
14	2008 and 2009	\$500
15	2010 and 2011	\$1,000
16	2012 and 2013	\$1,500
17	2014 and thereafter	\$2,000
18	(B) per taxpayer:	
19	Taxable Year Ending In	Amount
20	2006 and 2007	\$0
21	2008 and 2009	\$1,000
22	2010 and 2011	\$2,000
23	2012 and 2013	\$3,000
24	2014 and thereafter	\$4,000
25	(3) For a student who is a member of a household with an	
26	annual household income that is more than three hundred	
27	fifty percent (350%) of the federal income poverty level, the	
28	lesser of following amounts:	
29	(A) per student:	
30	Taxable Year Ending In	Amount
31	2006 through 2009	\$0
32	2010 through 2013	\$500
33	2014 through 2017	\$1,000
34	2018 through 2021	\$1,500
35	2022 and thereafter	\$2,000
36	(B) per taxpayer:	
37	Taxable Year Ending In	Amount
38	2006 through 2009	\$0
39	2010 through 2013	\$1,000
40	2014 through 2017	\$2,000
41	2018 through 2021	\$3,000
42	2022 and thereafter	\$4,000

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The credit amount under this subsection with respect to a dependent is reduced by any credit amount with respect to other dependents under section 3 of this chapter.

(c) If the amount of the credit provided by this section that a taxpayer uses during a particular taxable year exceeds the sum of the taxes imposed on the taxpayer by IC 6-3 for the taxable year after the application of all credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this section, the following apply:

(1) If the taxpayer is covered by subsection (b)(1), the excess shall be returned to the taxpayer as a refund.

(2) If the taxpayer is covered by subsection (b)(2), fifty percent (50%) of the excess shall be returned to the taxpayer as a refund.

(3) If the taxpayer is covered by subsection (b)(3), the taxpayer is not entitled to any of the excess as a refund.

(d) The department shall develop a process and create forms that:

(1) permits the taxpayer to assign credits under this section to the school of choice in which the taxpayer's dependent is enrolled; and

(2) allows the school that receives an assignment of credits to claim and receive the amount of the credit as soon as the taxpayer has filed the required income tax return for the taxable year.

(e) Acceptance by a taxpayer of a credit for qualified education expenditures for a dependent under this section does not provide any governmental entity or agency of the state with jurisdiction, authority, or control over the dependent's educational provider.

SECTION 11. IC 20-8.1-6.1-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 14. (a) As used in this section, "ADM" has the meaning set forth in IC 21-3-1.6-1.1. The term includes adjusted ADM.

(b) As used in this section, "eligible student" means a student who meets the requirements of subsection (f).

(c) As used in this section, "school of choice" means a nonpublic school (as defined in IC 20-10.1-1-3) or a public school (as defined in IC 20-10.1-1-2) in which a dependent is enrolled but that is not the dependent's school of legal settlement for purposes of the general school tuition support formula, if the school:

(1) is accredited by the state or a national accrediting body;

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(2) is not required to provide supplemental educational services for its students or to institute corrective action under 20 U.S.C. 6316;

(3) complies with all health and safety laws that apply to public or nonpublic schools, respectively;

(4) holds a valid occupancy permit if required; and

(5) certifies that it will not discriminate in admissions on the basis of race, color, or national origin.

(d) As used in this section, "scholarship" refers to a scholarship provided under the scholarship program established by this section.

(e) There is established the freedom to achieve scholarship program to assist parents and guardians to pay the costs of their child attending a school of choice.

(f) A student who meets the following requirements is eligible for a scholarship for a school year:

(1) The student was enrolled in a public school during the school year preceding the first school year for which a scholarship is sought.

(2) The public school attended by the student under subdivision (1) was either required to provide supplemental educational services for the student or was required to institute corrective action under 20 U.S.C. 6316 for the year the student attended the public school.

(3) The student has legal settlement in a school corporation located in Indiana.

(4) The student is enrolled in a school of choice for the school year for which a scholarship is sought.

(5) The student is a member of a household with an annual household income that is not more than three hundred fifty percent (350%) of the federal income poverty level using the poverty guidelines updated periodically by the United States Department of Health and Human Services under the authority of 42 U.S.C. 9902(2).

(g) The parent or guardian of an eligible student seeking a scholarship must apply to the department. The department shall prescribe the form of the application. The application must be filed after June 15 and before July 16 for a scholarship for the upcoming school year. The department shall make a determination whether an applicant has an eligible student within thirty (30) days after the application is filed. The amount of the scholarship for each eligible student who is enrolled in a school of choice that is a

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nonpublic school is the lesser of:

- (1) the cost of tuition, textbooks, and other mandatory fees, not including fees for extracurricular activities, charged by the school of choice for the eligible student; or
- (2) the sum of the average state tuition support, excluding all categorical grants, per ADM with respect to the public school in which the dependent is eligible for enrollment;

for the school year for which the scholarship applies. The department shall provide the full scholarship amount by paying equal installments to the school of choice at the same times the department makes a tuition support distribution to the public school in which the eligible student has legal settlement. If an eligible student withdraws from a school of choice, the school of choice shall notify the department within ten (10) days. The department shall thereafter terminate payments to the school of choice for that student.

(h) To receive a scholarship distribution, a school of choice must agree with the department to do the following:

- (1) Determine before enrolling any potential scholarship students the specific number of scholarship students that will be admitted, and, if applicants under the program exceed the determined number of spaces available at any particular grade level, priority shall be given to a student who is a member of a household with an annual household income that is not more than one hundred seventy-five percent (175%) of the federal income poverty level using the poverty guidelines updated periodically by the United States Department of Health and Human Services under the authority of 42 U.S.C. 9902(2). If applicants under the program still exceed the determined number of spaces available at any particular grade level, the school of choice shall conduct a random selection process to determine those students that are admitted to that grade level. Exceptions to this random selection may be made to accommodate siblings of students who are already enrolled or selected for enrollment in the school.
- (2) Not charge any tuition or other fees in excess of the scholarship amount.
- (3) Not charge any tuition or other fees under the scholarship program that exceed the standard rates charged to other students who pay tuition to enroll in the school.
- (4) Not refund, rebate, or share a student's scholarship with

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1 a parent or the student in any manner.

2 (5) Use a student's scholarship only for educational purposes.

3 (6) Provide regular academic progress reports to the parents
4 of students enrolled under the scholarship program.

5 (i) Notwithstanding the state tuition support formula and laws
6 governing the counting of pupils in ADM, an eligible student who:

7 (1) is enrolled in a school of choice that is a public school; and

8 (2) is not already being counted in ADM of the school
9 corporation in which the dependent has legal settlement;

10 shall, for purposes of calculating tuition support distributions, be
11 counted as a full additional ADM of the school corporation in
12 which the public school of choice is located after otherwise
13 computing the ADM of that school corporation under the state
14 tuition support formula.

15 (j) This section applies to a school corporation for purposes of
16 calculating tuition support distributions regardless of how the
17 scholarship student might otherwise be treated under the school
18 funding formula.

19 (k) An amount sufficient to provide scholarships and grants
20 under this section shall be paid from the state general fund.

21 SECTION 12. IC 20-8.1-6.1-5 IS AMENDED TO READ AS
22 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) A student who is
23 placed in a state licensed private or public health care facility, child
24 care facility, or foster family home:

25 (1) by or with the consent of the division of family and children;

26 (2) by a court order; or

27 (3) by a child placing agency licensed by the division of family
28 and children;

29 may attend school in the school corporation in which the home or
30 facility is located. If the school corporation in which the home or
31 facility is located is not the school corporation in which the student has
32 legal settlement, the school corporation in which the student has legal
33 settlement shall pay the transfer tuition of the student.

34 (b) A student who is placed in a state licensed private or public
35 health care or child care facility by a parent or guardian may attend
36 school in the school corporation in which the facility is located if:

37 (1) the placement is necessary for the student's physical or
38 emotional health and well-being and, if the placement is in a
39 health care facility, is recommended by a physician; and

40 (2) the placement is projected to be for no less than fourteen (14)
41 consecutive calendar days or an aggregate of twenty (20) calendar
42 days.

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The school corporation in which the student has legal settlement shall pay the transfer tuition of the student. The parent or guardian of the student shall notify the school corporation in which the facility is located and the school corporation of the student's legal settlement, if identifiable, of the placement. No later than thirty (30) days after this notice, the school corporation of legal settlement shall either pay the transfer tuition of the transferred student or appeal the payment by notice to the department of education. The acceptance or notice of appeal by the school corporation shall be given by certified mail to the parent or guardian of the student and any affected school corporation. In the case of a student who is not identified as disabled under IC 20-1-6, the Indiana state board of education shall make a determination on transfer tuition in accordance with the procedures set out in section 10 of this chapter. In the case of a student who has been identified as disabled under IC 20-1-6, the determination on transfer tuition shall be made in accordance with this subsection and the procedures adopted by the Indiana state board of education under IC 20-1-6-2.1(a)(5).

(c) A student who is placed in:

- (1) an institution operated by the division of disability, aging, and rehabilitative services or the division of mental health and addiction; or
- (2) an institution, a public or private facility, a home, a group home, or an alternative family setting by the division of disability, aging, and rehabilitative services or the division of mental health and addiction;

may attend school in the school corporation in which the institution is located. The state shall pay the transfer tuition of the student, unless another entity is required to pay the transfer tuition as a result of a placement described in subsection (a) or (b) or another state is obligated to pay the transfer tuition.

(d) A student:

- (1) who is placed in a facility, a home, or an institution described in subsection (a), (b), or (c); and**
- (2) for whom there is no other entity or person required to pay transfer tuition;**

may attend school in the school corporation in which the facility, home, or institution is located. The department shall conduct an investigation and determine whether any other entity or person is required to pay transfer tuition. If the department determines that no other entity or person is required to pay transfer tuition, the state shall pay the transfer tuition for the student.

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SECTION 13. IC 20-8.1-6.1-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 14. (a) The governing body of a school corporation may enter into an interlocal agreement under IC 36-1-7 with the governing body of another school corporation under which a student whose legal settlement is in the school corporation may attend school in the other school corporation.**

(b) If a student attends school in another school corporation under an interlocal agreement described in subsection (a):

(1) the provisions of this chapter and IC 20-8.1-6.5 concerning transfer tuition do not apply; and

(2) the terms of the interlocal agreement concerning the payment of costs for the student's attendance apply.

SECTION 14. IC 20-8.1-6.1-15 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 15. (a) This section applies to a student:**

(1) who has legal settlement in a school corporation; and

(2) whose parent owns property for which the parent pays property taxes in a school corporation other than the school corporation in which the student has legal settlement.

(b) Not later than April 1, the parent of a student to whom this section applies may notify the school corporation in which the parent owns property that the parent intends to enroll the student in the school corporation in which the parent owns property for the following school year.

(c) A school corporation that receives notice under subsection (b):

(1) shall enroll the student in an appropriate school within the school corporation; and

(2) may not request the payment of transfer tuition for the student from the school corporation in which the student has legal settlement or from the student's parent.

(d) A student to whom this section applies may not enroll primarily for athletic reasons in a school in a school corporation in which the student does not have legal settlement. However, the property owned in the school corporation other than the school corporation in which the student has legal settlement must not be owned primarily for the purpose of gaining access to the school corporation. In determining whether property is owned primarily for the purpose of gaining access to the school corporation, the following criteria shall be used:

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(1) The property must be held at least one (1) year before the beginning of a school year in which the student enrolls in the school corporation.

(2) The property must be zoned for residential or commercial use.

SECTION 15. IC 20-8.1-6.5-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 0.5. This chapter does not apply to a student who under:**

(1) IC 20-8.1-6.1-14 or IC 20-8.1-6.1-15; or

(2) the public elementary and secondary school transfer program (IC 20-8.1-16); attends a public school that is outside the school corporation where the student has legal settlement.

SECTION 16. IC 20-26-11.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

Chapter 11.5. Public Elementary and Secondary School Transfer Program

Sec. 1. As used in this chapter, "ADM" has the meaning set forth in IC 21-3-1.6-1.1.

Sec. 2. As used in this chapter, "base school corporation" means the school corporation in which a student has legal settlement.

Sec. 3. As used in this chapter, "program" refers to the public elementary and secondary school transfer program.

Sec. 4. As used in this chapter, "public school" has the meaning set forth in IC 20-18-2-15.

Sec. 5. As used in this chapter, "transfer" refers to a transfer under the public elementary and secondary school transfer program established under this chapter.

Sec. 6. The public elementary and secondary school transfer program is established.

Sec. 7. The department shall grant transfers and renewal transfers under this chapter on a date, specified by the department, that falls before the beginning of a school year.

Sec. 8. (a) The department shall grant a transfer to a student if the following requirements are met:

(1) The student's parent requests a transfer for the student.

(2) The student's parent selects a school for the student to attend under the program.

(3) The school is a public school in Indiana that is:

(A) in the student's base school corporation but is a

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different school from the school where the school corporation has assigned the student; or

(B) not a school in the student's base school corporation.

(4) Except as provided in section 14(b) of this chapter, the principal of the school and the superintendent of the school corporation in which the school is located jointly agree to enroll the student in the school.

(b) The department shall grant a renewal transfer to a student who meets the following requirements:

(1) The student previously received a transfer in any year.

(2) The requirements of subsection (a) are met.

(c) The department may not grant a transfer to a student who wishes to enroll in a school primarily for athletic reasons. However, a decision to allow a student to enroll in a school corporation in which the student does not have legal settlement is not considered a determination that the student did not enroll primarily for athletic reasons.

Sec. 9. Not later than April 1 before the beginning of a school year for which a parent seeks enrollment of a student under the program, the student's parent must notify the superintendent of the school corporation in which the parent seeks to have the student enrolled of the parent's request to have the student enrolled.

Sec. 10. (a) The superintendent of a school corporation in which a parent seeks enrollment of a student under the program:

(1) is not required to enroll the student; and

(2) may not enroll the student if enrollment will cause the school corporation to be out of compliance with a court order, including a court order described in IC 20-26-11-19.

(b) A superintendent may not refuse to enroll a student in violation of IC 20-33-1 or because the student has a disability.

(c) A superintendent shall notify a parent who makes a request under section 9 of this chapter of the superintendent's decision not later than thirty (30) days after receiving a request for enrollment under section 9 of this chapter. If a superintendent does not notify a parent of the superintendent's decision not later than thirty (30) days after receiving a request for enrollment, the request to enroll is considered to be granted.

(d) A superintendent who accepts a student for enrollment under the program shall notify the superintendent of the student's base corporation of the student's acceptance not later than fifteen (15) days after accepting the student.

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1 **Sec. 11. The following apply when a student transfers under this**
 2 **chapter to a school in the student's base school corporation:**

- 3 (1) There is no monetary transfer award.
 4 (2) There is no change in:
 5 (A) the ADM of the school corporation; or
 6 (B) state assistance to the school corporation.
 7 (3) The school corporation is not required to provide
 8 transportation for the student.

9 **Sec. 12. The following apply when a student transfers under this**
 10 **chapter to a school that is not in the student's base school**
 11 **corporation:**

- 12 (1) IC 20-35-8-1 applies to the transfer of a student with a
 13 disability under this chapter or under IC 20-35-8-1.
 14 (2) The amount of the transfer tuition is the state aid per
 15 ADM provided under IC 21-3 to the student's base school
 16 corporation.
 17 (3) The student remains in the ADM of the student's base
 18 school corporation until the earlier of the following:
 19 (A) The date the student graduates from a high school.
 20 (B) The date of the end of the school year during which the
 21 student becomes eighteen (18) years of age.
 22 (4) The school that enrolls the student may not include the
 23 student in the school's ADM.
 24 (5) The department shall do the following:
 25 (A) Pay the amount of the transfer tuition to the school
 26 that enrolls the student.
 27 (B) Deduct the amount of the transfer tuition from the
 28 distribution of state aid to the student's base school
 29 corporation.
 30 (C) Notify the department of state revenue of the number
 31 of lost students and gained students under this chapter in
 32 each school corporation for the department of state
 33 revenue's use under IC 6-1.1-21.
 34 (6) The parent of the student is responsible for all costs of the
 35 student to attend the school that exceed the amount of the
 36 transfer tuition.
 37 (7) Except as provided in IC 20-35-8-2, the student's base
 38 school corporation and the school corporation that enrolls the
 39 student are not responsible for providing transportation for
 40 the student.

41 **Sec. 13. Except as provided in section 14(b) of this chapter, at**
 42 **the end of each school year the superintendent of the school**

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corporation that enrolls a student under the program and the principal of the school the student attends shall jointly:

- (1) determine whether to enroll the student for the following school year; and
- (2) inform the department of their decision.

Sec. 14. (a) The governing body of a school corporation may adopt a policy that sets guidelines to be used in determining whether to:

- (1) accept a student for enrollment under the program; and
- (2) continue a student's enrollment under the program.

(b) Notwithstanding sections 8(a)(4) and 13 of this chapter, a policy adopted under this section may provide that the governing body makes a determination of whether to enroll a student or to continue a student's enrollment under the program.

Sec. 15. A school corporation or school may not solicit the parents of a student to transfer the student to the school corporation or school.

Sec. 16. For purposes of accountability for performance and assessing school improvement under IC 20-31, a student who transfers to a school under the program is included as a student in the school to which the student transferred.

Sec. 17. The department shall establish procedures to administer this chapter.

Sec. 18. The Indiana state board of education may adopt rules under IC 4-22-2 to implement and administer the program.

SECTION 17. IC 20-31-9-5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) This section applies to a school that has been placed in the lowest performance category for a third or subsequent year under this chapter.

(b) Before March 1 of each year, the school shall notify the parent of each student in the school of the parent's right to request a transfer for the student for the following school year to a different school within the same school corporation or in another school corporation under IC 20-26-11.5.

(c) The notice provided under this section must set forth in an easily understood format a parent's transfer options for a student, including a list of schools in the student's current school corporation that are in a higher performance category to which the student's parents may request a transfer for the student.

(d) If:

- (1) a school corporation is unable to comply with a parent's

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request to transfer a student under this section; or

(2) a parent requests additional transfer options for the student;

the superintendent shall meet with the parent to discuss options for the student.

SECTION 18. IC 20-26-11-30 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 30. (a)** The governing body of a school corporation may enter into an interlocal agreement under IC 36-1-7 with the governing body of another school corporation under which a student whose legal settlement is in the school corporation may attend school in the other school corporation.

(b) If a student attends school in another school corporation under an interlocal agreement described in subsection (a):

(1) the provisions of this chapter concerning transfer tuition do not apply; and

(2) the terms of the interlocal agreement concerning the payment of costs for the student's attendance apply.

SECTION 19. IC 20-26-11-31 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 31. (a)** This section applies to a student:

(1) who has legal settlement in a school corporation; and

(2) whose parent owns property for which the parent pays property taxes in a school corporation other than the school corporation in which the student has legal settlement.

(b) Not later than April 1, the parent of a student to whom this section applies may notify the school corporation in which the parent owns property that the parent intends to enroll the student in the school corporation in which the parent owns property for the following school year.

(c) A school corporation that receives notice under subsection (b):

(1) shall enroll the student in an appropriate school within the school corporation; and

(2) may not request the payment of transfer tuition for the student from the school corporation in which the student has legal settlement or from the student's parent.

(d) A student to whom this section applies may not enroll primarily for athletic reasons in a school in a school corporation in which the student does not have legal settlement. However, a decision to allow a student to enroll in a school corporation in

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1 which the student does not have legal settlement is not considered
2 a determination that the student did not enroll primarily for
3 athletic reasons.

4 SECTION 20. [EFFECTIVE JULY 1, 2005] (a) As used in this
5 SECTION, "department" refers to the department of education
6 established by IC 20-19-3-1.

7 (b) As used in this SECTION, "school year" means the period
8 described in IC 20-18-2-17.

9 (c) The department shall grant transfers under IC 20-26-11.5,
10 as added by this act, beginning with the 2006-2007 school year.

11 (d) This SECTION expires July 1, 2008.

12 SECTION 21. [EFFECTIVE JULY 1, 2005] IC 20-8.1-6.1-3, as
13 amended by this act, and IC 20-8.1-6.1-3.1, as added by this act,
14 apply to taxable years beginning after December 31, 2005.

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COMMITTEE REPORT

Madam President: The Senate Committee on Education and Career Development, to which was referred Senate Bill No. 281, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-21-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means property taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which under IC 6-1.1-22-5, is to be filed on or before March 1 of each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing

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units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county); minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the stated assessment year under:

(i) IC 21-2-15 for a capital projects fund; plus

(ii) IC 6-1.1-19-10 for a racial balance fund; plus

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- (iii) IC 20-14-13 for a library capital projects fund; plus
- (iv) IC 20-5-17.5-3 for an art association fund; plus
- (v) IC 21-2-17 for a special education preschool fund; plus
- (vi) IC 21-2-11.6 for a referendum tax levy fund; plus
- (vii) an appeal filed under IC 6-1.1-19-5.1 for an increase in a school corporation's maximum permissible general fund levy for certain transfer tuition costs; plus
- (viii) an appeal filed under IC 6-1.1-19-5.4 for an increase in a school corporation's maximum permissible general fund levy for transportation operating costs; minus
- (H) the amount of property taxes imposed by a school corporation that is attributable to the passage, after 1983, of a referendum for an excessive tax levy under IC 6-1.1-19, including any increases in these property taxes that are attributable to the adjustment set forth in IC 6-1.1-19-1.5 or any other law; minus
- (I) for each township in the county, the lesser of:
 - (i) the sum of the amount determined in IC 6-1.1-18.5-19(a) STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE, whichever is applicable, plus the part, if any, of the township's ad valorem property tax levy for calendar year 1989 that represents increases in that levy that resulted from an appeal described in IC 6-1.1-18.5-13(4) filed after December 31, 1982; or
 - (ii) the amount of property taxes imposed in the township for the stated assessment year under the authority of IC 36-8-13-4; minus
- (J) for each participating unit in a fire protection territory established under IC 36-8-19-1, the amount of property taxes levied by each participating unit under IC 36-8-19-8 and IC 36-8-19-8.5 less the maximum levy limit for each of the participating units that would have otherwise been available for fire protection services under IC 6-1.1-18.5-3 and IC 6-1.1-18.5-19 for that same year; minus
- (K) for each county, the sum of:
 - (i) the amount of property taxes imposed in the county for the repayment of loans under IC 12-19-5-6 (repealed) that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or for property taxes payable in each year after 1995, the amount determined under IC 12-19-7-4(b); and
 - (ii) the amount of property taxes imposed in the county

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attributable to appeals granted under IC 6-1.1-18.6-3 that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or the amount determined under IC 12-19-7-4(b) for property taxes payable in each year after 1995; plus

(2) all taxes to be paid in the county in respect to mobile home assessments currently assessed for the year in which the taxes stated in the abstract are to be paid; plus

(3) the amounts, if any, of county adjusted gross income taxes that were applied by the taxing units in the county as property tax replacement credits to reduce the individual levies of the taxing units for the assessment year, as provided in IC 6-3.5-1.1; plus

(4) the amounts, if any, by which the maximum permissible ad valorem property tax levies of the taxing units of the county were reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated assessment year; plus

(5) the difference between:

(A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR; minus

(B) the amount the civil taxing units' levies were increased because of the reduction in the civil taxing units' base year certified shares under IC 6-1.1-18.5-3(e).

(h) "December settlement sheet" means the certificate of settlement filed by the county auditor with the auditor of state, as required under IC 6-1.1-27-3.

(i) "Tax duplicate" means the roll of property taxes which each county auditor is required to prepare on or before March 1 of each year under IC 6-1.1-22-3.

(j) "Eligible property tax replacement amount" is equal to the sum of the following:

(1) Sixty percent (60%) of the total county tax levy imposed by each school corporation in a county for its general fund for a stated assessment year **after the school corporation's gained student levy amount is added and the school corporation's lost student levy amount is subtracted.**

(2) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on real property for a stated assessment year.

(3) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a

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county on tangible personal property, excluding business personal property, for an assessment year.

(k) "Business personal property" means tangible personal property (other than real property) that is being:

- (1) held for sale in the ordinary course of a trade or business; or
- (2) held, used, or consumed in connection with the production of income.

(l) "Taxpayer's property tax replacement credit amount" means the sum of the following:

- (1) Sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year.
- (2) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property.
- (3) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property.

(m) "Tax liability" means tax liability as described in section 5 of this chapter.

(n) "General school operating levy" means the ad valorem property tax levy of a school corporation in a county for the school corporation's general fund.

(o) "Gained student" for a school corporation means a student who transfers into the school corporation (that is not the student's base school corporation) under IC 20-8.1-16.

(p) "Lost student" for a school corporation means a student who transfers out of the school corporation (that is the student's base school corporation) to another school corporation under IC 20-8.1-16.

(q) "Per capita levy" for a school corporation means the total general fund levy of the school corporation divided by the ADM (as defined in IC 21-3-1.6-1.1) of the school corporation.

(r) "Gained student levy amount" means a school corporation's per capita levy multiplied by the number of gained students for the school corporation.

(s) "Lost student levy amount" means a school corporation's per capita levy multiplied by the number of lost students for the school corporation."

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Page 6, line 27, delete "fifty percent (50%)".

Page 6, line 28, delete "of".

Page 6, after line 42, begin a new line double block indented and insert:

"(C) Notify the department of state revenue of the number of lost students and gained students under this chapter in each school corporation for the department of state revenue's use under IC 6-1.1-21."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 281 as introduced.)

LUBBERS, Chairperson

Committee Vote: Yeas 6, Nays 3.

SENATE MOTION

Madam President: I move that Senate Bill 281 be amended to read as follows:

Page 11, between lines 5 and 6, begin a new paragraph and insert:

"(d) A superintendent who accepts a student for enrollment under the program shall notify the superintendent of the student's base corporation of the student's acceptance not later than fifteen (15) days after accepting the student."

Page 11, line 42, delete "The" and insert **"Except as provided in IC 20-1-6-18.2, the"**.

Page 12, delete lines 26 through 42.

Page 13, delete lines 1 through 2.

Page 13, line 3, delete "18." and insert **"17."**

Page 13, line 5, delete "19." and insert **"18."**

Page 13, between lines 6 and 7, begin a new paragraph and insert:

"SECTION 9. IC 20-10.2-6-5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) This section applies to a school that has been placed in the lowest performance category for a third or subsequent year under this chapter.

(b) Before March 1 of each year, the school shall notify the parent of each student in the school of the parent's right to request a transfer for the student for the following school year to a different school within the same school corporation or in another



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school corporation under IC 20-8.1-16.

(c) The notice provided under this section must set forth in an easily understood format a parent's transfer options for a student, including a list of schools in the student's current school corporation that are in a higher performance category to which the student's parents may request a transfer for the student.

(d) If:

(1) a school corporation is unable to comply with a parent's request to transfer a student under this section; or

(2) a parent requests additional transfer options for the student;

the superintendent shall meet with the parent to discuss options for the student."

Renumber all SECTIONS consecutively.

(Reference is to SB 281 as printed February 18, 2005.)

KENLEY

SENATE MOTION

Madam President: I move that Senator Lubbers be added as second author of Engrossed Senate Bill 281.

KENLEY

COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred Senate Bill 281, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 6, line 4, delete "IC 20-8.1-16." and insert "**IC 20-26-11.5**."

Page 6, line 8, delete "IC 20-8.1-16." and insert "**IC 20-26-11.5**."

Page 6, between lines 35 and 36, begin a new paragraph and insert:

"SECTION 3. IC 20-8.1-1-19 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 19. As used in this article, "dependent" has the meaning set forth in Section 152(a) of the Internal Revenue Code.**

SECTION 4. IC 20-8.1-1-20 IS ADDED TO THE INDIANA CODE

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AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 20. As used in this article, "federal income poverty level" means the federal income poverty level for the taxpayer's household using the poverty guidelines updated periodically by the United States Department of Health and Human Services under the authority of 42 U.S.C. 9902(2).**

SECTION 5. IC 20-8.1-1-21 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 21. As used in this article, "qualified education expenditures" means expenditures made by a taxpayer during the twelve (12) month period beginning July 1 and ending June 30 of the taxable year for a dependent with respect to a school of choice for any of the following:**

- (1) Fees for academic tuition or instruction.**
- (2) If the dependent is not enrolled in a school that charges tuition, expenditures for computer software, textbooks, workbooks, curricula, school supplies other than personal computers, and other written materials used primarily for academic instruction and for academic tutoring.**
- (3) Expenditures for transporting the dependent to and from the school of choice in which the dependent is enrolled, excluding transportation for extracurricular activities.**

However, the total of a taxpayer's expenditures described in this section must be reduced by the amount of a scholarship received under IC 20-8.1-6.1-14 to determine qualified educational expenditures for purposes of section 3.1 of this chapter.

SECTION 5. IC 20-8.1-1-22 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec 22. As used in this article, "school of choice" means:**

- (1) a nonpublic school (as defined in IC 20-10.1-1-3); or**
- (2) a public school (as defined in IC 20-10.1-1-2) in which a dependent is enrolled but that is not the dependent's school of legal settlement for purposes of the general school tuition support formula.**

SECTION 6. IC 20-8.1-1-23 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 23. As used in this article, "taxpayer" means:**

- (1) an individual who is; or**
- (2) an individual and the individual's spouse, in the case of a joint return, who are;**

subject to the adjusted gross income tax."

Page 7, between lines 2 and 3, begin a new paragraph and insert:

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"SECTION 4. IC 20-8.1-6.1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:

Sec. 3. (a) A school corporation may accept a transferring student without approval of the transferor corporation under section 2 of this chapter.

(b) No transfer may, however, be accepted unless the requesting parents or student pays transfer tuition in an amount determined under the formula established in section 8 of this chapter for the payment of transfer tuition by a transferor school corporation. However, the transferee school shall not offset the amounts described in section 8(b) STEP TWO (B) through section 8(b) STEP TWO (D) of this chapter from the amount charged to the requesting parents or student.

(c) This tuition shall be paid by the parents or the student before the end of the school year in such installments as the transferee corporation determines.

(d) Failure to pay any installment is a ground for exclusion from school.

(e) A taxpayer making a payment with respect to a dependent under this section is entitled to a credit against the adjusted gross income tax imposed by IC 6-3 for the taxable year. The credit to which the taxpayer is entitled is the lesser of the tuition paid under this section or the following:

(1) For a student who is a member of a household with an annual household income that is not more than one hundred seventy-five percent (175%) of the federal income poverty level, the lesser of the following amounts:

(A) per student:

Taxable Year Ending In	Amount
2006 and 2007	\$1,000
2008 and 2009	\$1,500
2010 and 2011	\$2,000
2012 and 2013	\$2,500
2014 and thereafter	\$3,000

(B) per taxpayer:

Taxable Year Ending In	Amount
2006 and 2007	\$2,000
2008 and 2009	\$3,000
2010 and 2011	\$4,000
2012 and 2013	\$5,000
2014 and thereafter	\$6,000

(2) For a student who is a member of a household with an annual household income that is more than one hundred

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seventy-five percent (175%) but not more than three hundred fifty percent (350%) of the federal income poverty level, the lesser of following amounts:

(A) per student:

Taxable Year Ending In	Amount
2006 and 2007	\$0
2008 and 2009	\$500
2010 and 2011	\$1,000
2012 and 2013	\$1,500
2014 and thereafter	\$2,000

(B) per taxpayer:

Taxable Year Ending In	Amount
2006 and 2007	\$0
2008 and 2009	\$1,000
2010 and 2011	\$2,000
2012 and 2013	\$3,000
2014 and thereafter	\$4,000

(3) For a student who is a member of a household with an annual household income that is more than three hundred fifty percent (350%) of the federal income poverty level, the lesser of following amounts:

(A) per student:

Taxable Year Ending In	Amount
2006 through 2009	\$0
2010 through 2013	\$500
2014 through 2017	\$1,000
2018 through 2021	\$1,500
2022 and thereafter	\$2,000

(B) per taxpayer:

Taxable Year Ending In	Amount
2006 through 2009	\$0
2010 through 2013	\$1,000
2014 through 2017	\$2,000
2018 through 2021	\$3,000
2022 and thereafter	\$4,000

The amount of a scholarship received under section 14 of this chapter is not considered tuition paid by the taxpayer under this section.

(f) If the amount of the credit provided by this section that a taxpayer uses during a particular taxable year exceeds the sum of the taxes imposed on the taxpayer by IC 6-3 for the taxable year after the application of all credits that under IC 6-3.1-1-2 are to be

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applied before the credit provided by this section, the following apply:

(1) If the taxpayer is covered by subsection (e)(1), the excess shall be returned to the taxpayer as a refund.

(2) If the taxpayer is covered by subsection (e)(2), fifty percent (50%) of the excess shall be returned to the taxpayer as a refund.

(3) If the taxpayer is covered by subsection (e)(3), the taxpayer is not entitled to any of the excess as a refund.

(g) Acceptance by a taxpayer of a credit for qualified education expenditures for a dependent under this section does not provide any governmental entity or agency of the state with jurisdiction, authority, or control over the dependent's educational provider.

SECTION 5. IC 20-8.1-6.1-3.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3.1. (a) This section applies to a taxpayer who has a dependent who has legal settlement in a school corporation located in Indiana.

(b) A taxpayer who makes qualified education expenditures is entitled to a credit against the adjusted gross income tax imposed by IC 6-3 for the taxable year. The credit to which the taxpayer is entitled is the lesser of the qualified education expenditures of the taxpayer or the following:

(1) For a student who is a member of a household with an annual household income that is not more than one hundred seventy-five percent (175%) of the federal income poverty level, the lesser of the following amounts:

(A) per student:

Taxable Year Ending In	Amount
2006 and 2007	\$1,000
2008 and 2009	\$1,500
2010 and 2011	\$2,000
2012 and 2013	\$2,500
2014 and thereafter	\$3,000

(B) per taxpayer:

Taxable Year Ending In	Amount
2006 and 2007	\$2,000
2008 and 2009	\$3,000
2010 and 2011	\$4,000
2012 and 2013	\$5,000
2014 and thereafter	\$6,000

(2) For a student who is a member of a household with an

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annual household income that is more than one hundred seventy-five percent (175%) but not more than three hundred fifty percent (350%) of the federal income poverty level, the lesser of following amounts:

(A) per student:

Taxable Year Ending In	Amount
2006 and 2007	\$0
2008 and 2009	\$500
2010 and 2011	\$1,000
2012 and 2013	\$1,500
2014 and thereafter	\$2,000

(B) per taxpayer:

Taxable Year Ending In	Amount
2006 and 2007	\$0
2008 and 2009	\$1,000
2010 and 2011	\$2,000
2012 and 2013	\$3,000
2014 and thereafter	\$4,000

(3) For a student who is a member of a household with an annual household income that is more than three hundred fifty percent (350%) of the federal income poverty level, the lesser of following amounts:

(A) per student:

Taxable Year Ending In	Amount
2006 through 2009	\$0
2010 through 2013	\$500
2014 through 2017	\$1,000
2018 through 2021	\$1,500
2022 and thereafter	\$2,000

(B) per taxpayer:

Taxable Year Ending In	Amount
2006 through 2009	\$0
2010 through 2013	\$1,000
2014 through 2017	\$2,000
2018 through 2021	\$3,000
2022 and thereafter	\$4,000

The credit amount under this subsection with respect to a dependent is reduced by any credit amount with respect to other dependents under section 3 of this chapter.

(c) If the amount of the credit provided by this section that a taxpayer uses during a particular taxable year exceeds the sum of the taxes imposed on the taxpayer by IC 6-3 for the taxable year

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after the application of all credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this section, the following apply:

- (1) If the taxpayer is covered by subsection (b)(1), the excess shall be returned to the taxpayer as a refund.
- (2) If the taxpayer is covered by subsection (b)(2), fifty percent (50%) of the excess shall be returned to the taxpayer as a refund.
- (3) If the taxpayer is covered by subsection (b)(3), the taxpayer is not entitled to any of the excess as a refund.
- (d) The department shall develop a process and create forms that:

- (1) permits the taxpayer to assign credits under this section to the school of choice in which the taxpayer's dependent is enrolled; and
- (2) allows the school that receives an assignment of credits to claim and receive the amount of the credit as soon as the taxpayer has filed the required income tax return for the taxable year.

(e) Acceptance by a taxpayer of a credit for qualified education expenditures for a dependent under this section does not provide any governmental entity or agency of the state with jurisdiction, authority, or control over the dependent's educational provider.

SECTION 7. IC 20-8.1-6.1-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 14. (a) As used in this section, "ADM" has the meaning set forth in IC 21-3-1.6-1.1. The term includes adjusted ADM.

(b) As used in this section, "eligible student" means a student who meets the requirements of subsection (f).

(c) As used in this section, "school of choice" means a nonpublic school (as defined in IC 20-10.1-1-3) or a public school (as defined in IC 20-10.1-1-2) in which a dependent is enrolled but that is not the dependent's school of legal settlement for purposes of the general school tuition support formula, if the school:

- (1) is accredited by the state or a national accrediting body;
- (2) is not required to provide supplemental educational services for its students or to institute corrective action under 20 U.S.C. 6316;
- (3) complies with all health and safety laws that apply to public or nonpublic schools, respectively;
- (4) holds a valid occupancy permit if required; and

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(5) certifies that it will not discriminate in admissions on the basis of race, color, or national origin.

(d) As used in this section, "scholarship" refers to a scholarship provided under the scholarship program established by this section.

(e) There is established the freedom to achieve scholarship program to assist parents and guardians to pay the costs of their child attending a school of choice.

(f) A student who meets the following requirements is eligible for a scholarship for a school year:

(1) The student was enrolled in a public school during the school year preceding the first school year for which a scholarship is sought.

(2) The public school attended by the student under subdivision (1) was either required to provide supplemental educational services for the student or was required to institute corrective action under 20 U.S.C. 6316 for the year the student attended the public school.

(3) The student has legal settlement in a school corporation located in Indiana.

(4) The student is enrolled in a school of choice for the school year for which a scholarship is sought.

(5) The student is a member of a household with an annual household income that is not more than three hundred fifty percent (350%) of the federal income poverty level using the poverty guidelines updated periodically by the United States Department of Health and Human Services under the authority of 42 U.S.C. 9902(2).

(g) The parent or guardian of an eligible student seeking a scholarship must apply to the department. The department shall prescribe the form of the application. The application must be filed after June 15 and before July 16 for a scholarship for the upcoming school year. The department shall make a determination whether an applicant has an eligible student within thirty (30) days after the application is filed. The amount of the scholarship for each eligible student who is enrolled in a school of choice that is a nonpublic school is the lesser of:

(1) the cost of tuition, textbooks, and other mandatory fees, not including fees for extracurricular activities, charged by the school of choice for the eligible student; or

(2) the sum of the average state tuition support, excluding all categorical grants, per ADM with respect to the public school

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in which the dependent is eligible for enrollment;
for the school year for which the scholarship applies. The department shall provide the full scholarship amount by paying equal installments to the school of choice at the same times the department makes a tuition support distribution to the public school in which the eligible student has legal settlement. If an eligible student withdraws from a school of choice, the school of choice shall notify the department within ten (10) days. The department shall thereafter terminate payments to the school of choice for that student.

(h) To receive a scholarship distribution, a school of choice must agree with the department to do the following:

(1) Determine before enrolling any potential scholarship students the specific number of scholarship students that will be admitted, and, if applicants under the program exceed the determined number of spaces available at any particular grade level, priority shall be given to a student who is a member of a household with an annual household income that is not more than one hundred seventy-five percent (175%) of the federal income poverty level using the poverty guidelines updated periodically by the United States Department of Health and Human Services under the authority of 42 U.S.C. 9902(2). If applicants under the program still exceed the determined number of spaces available at any particular grade level, the school of choice shall conduct a random selection process to determine those students that are admitted to that grade level. Exceptions to this random selection may be made to accommodate siblings of students who are already enrolled or selected for enrollment in the school.

(2) Not charge any tuition or other fees in excess of the scholarship amount.

(3) Not charge any tuition or other fees under the scholarship program that exceed the standard rates charged to other students who pay tuition to enroll in the school.

(4) Not refund, rebate, or share a student's scholarship with a parent or the student in any manner.

(5) Use a student's scholarship only for educational purposes.

(6) Provide regular academic progress reports to the parents of students enrolled under the scholarship program.

(i) Notwithstanding the state tuition support formula and laws governing the counting of pupils in ADM, an eligible student who:

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(1) is enrolled in a school of choice that is a public school; and
 (2) is not already being counted in ADM of the school corporation in which the dependent has legal settlement;
 shall, for purposes of calculating tuition support distributions, be counted as a full additional ADM of the school corporation in which the public school of choice is located after otherwise computing the ADM of that school corporation under the state tuition support formula.

(j) This section applies to a school corporation for purposes of calculating tuition support distributions regardless of how the scholarship student might otherwise be treated under the school funding formula.

(k) An amount sufficient to provide scholarships and grants under this section shall be paid from the state general fund."

Page 9, line 18, after "settlement." insert **"However, the property owned in the school corporation other than the school corporation in which the student has legal settlement must not be owned primarily for the purpose of gaining access to the school corporation. In determining whether property is owned primarily for the purpose of gaining access to the school corporation, the following criteria shall be used:**

(1) The property must be held at least one (1) year before the beginning of a school year in which the student enrolls in the school corporation.

(2) The property must be zoned for residential or commercial use."

Page 9, line 28, delete "IC 20-8.1-16" and insert "IC 20-26-11.5".

Page 9, line 31, delete "16." and insert **"11.5."**

Page 9, line 40, delete "IC 20-10.1-1-2." and insert **"IC 20-18-2-15."**

Page 10, line 26, after "reasons." insert **"However, a decision to allow a student to enroll in a school corporation in which the student does not have legal settlement is not considered a determination that the student did not enroll primarily for athletic reasons."**

Page 10, line 38, delete "IC 20-8.1-6.5-1." and insert **"IC 20-26-11-19."**

Page 10, line 40, delete "IC 20-8.1-2" and insert **"IC 20-33-1"**.

Page 11, line 21, delete "IC 20-1-6-18.1" and insert **"IC 20-35-8-1"**.

Page 11, line 22, delete "IC 20-1-6-18.1." and insert **"IC 20-35-8-1."**

Page 12, line 4, delete "IC 20-1-6-18.2," and insert **"IC 20-35-8-2,"**

Page 12, line 28, delete "IC 20-10.2," and insert **"IC 20-31,"**

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Page 12, line 35, delete "IC 20-10.2-6-5" and insert "IC 20-31-9-5".

Page 13, line 2, delete "IC 20-8.1-16." and insert "**IC 20-26-11.5.**".

Page 13, between lines 14 through 15, begin a new paragraph and insert:

"SECTION 10. IC 20-26-11-30 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 30. (a) The governing body of a school corporation may enter into an interlocal agreement under IC 36-1-7 with the governing body of another school corporation under which a student whose legal settlement is in the school corporation may attend school in the other school corporation.**

(b) If a student attends school in another school corporation under an interlocal agreement described in subsection (a):

- (1) the provisions of this chapter concerning transfer tuition do not apply; and**
- (2) the terms of the interlocal agreement concerning the payment of costs for the student's attendance apply.**

SECTION 3. IC 20-26-11-31 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 31. (a) This section applies to a student:**

- (1) who has legal settlement in a school corporation; and**
- (2) whose parent owns property for which the parent pays property taxes in a school corporation other than the school corporation in which the student has legal settlement.**

(b) Not later than April 1, the parent of a student to whom this section applies may notify the school corporation in which the parent owns property that the parent intends to enroll the student in the school corporation in which the parent owns property for the following school year.

(c) A school corporation that receives notice under subsection (b):

- (1) shall enroll the student in an appropriate school within the school corporation; and**
- (2) may not request the payment of transfer tuition for the student from the school corporation in which the student has legal settlement or from the student's parent.**

(d) A student to whom this section applies may not enroll primarily for athletic reasons in a school in a school corporation in which the student does not have legal settlement. However, a decision to allow a student to enroll in a school corporation in which the student does not have legal settlement is not considered

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a determination that the student did not enroll primarily for athletic reasons."

Page 13, line 17, delete "IC 20-1-1.1-2." and insert **"IC 20-19-3-1."**

Page 13, line 19, delete "IC 20-10.1-2-1." and insert **"IC 20-18-2-17."**

Page 13, line 20, delete "IC 20-8.1-16," and insert **"IC 20-26-11.5,"**

Page 13, after line 22, begin a new paragraph and insert:

SECTION 11. [EFFECTIVE JULY 1, 2005] IC 20-8.1-6.1-3, as amended by this act, and IC 20-8.1-6.1-3.1, as added by this act, apply to taxable years beginning after December 31, 2005."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 281 as reprinted February 23, 2005.)

BEHNING, Chair

Committee Vote: yeas 6, nays 4.

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